

Message Text

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70

ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

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R 111521Z JAN 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 5987

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EO 11652: N/A

TAGS: EFIN LE

SUBJECT: CONTINENTAL DEVELOPMENT BANK (CDB)

REF: BEIRUT 6352, JUNE 1, 1973

SUMMARY: FORMER LEBANESE FOREIGN MINISTER ABOUHAMMED, WHO IS A PROMINENT AND WELL-RESPECTED LAWYER, APPROACHED EMBOFF IN CONNECTION WITH CDB LITIGATION, STATING HE HAD BEEN REQUESTED BY JOSEPH SAAB TO ACT ON HIS BEHALF. ABOUHAMMED HAS CONSENTED TO REPRESENT SAAB ON CONDITION (A) THAT SAAB ISSUE A PUBLIC APOLOGY FOR CRIMINAL CHARGES THAT WERE UNFORTUNATELY PRESSED AGAINST CDB; (B) AGREES TO SETTLE ALL OUTSTANDING ISSUES AMIABLY, I.E., WITHOUT RECOURSE TO THE COURTS; AND (C) ACCEPT MUTUALLY AGREED ON FORMULA OF ARBITRATION FOR ALL REMAINING OUTSTANDING ISSUES. THIS INFORMATION BROUGHT TO THE ATTENTION OF LOCAL CDB GENERAL MANAGER. WHILE DECISION RESTS WITH CDB, EMBASSY BELIEVES THERE EXIST MORE ADVANTAGES THAN DISADVANTAGES IN CDB'S TAKING THE INITIATIVE TO EXPLORE THIS MATTER FURTHER. END SUMMARY.

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1. SEVERAL WEEKS AGO FORMER LEBANESE FOREIGN MINISTER

KHALIL ABOUHAMMED, WHO IS ALSO A PROMINENT AND HIGHLY-RESPECTED LAWYER, APPROACHED EMBOFF CONFIDENTIALLY TO REPORT THAT JOSEPH SAAB HAD ASKED HIM TO ACT ON HIS BEHALF REGARDING ABOVE SUBJECT. EMBOFF WAS ASKED WHAT HE THOUGHT ABOUT SUCH AN UNDERTAKING.

2. IN REPLY, EMBOFF TOOK NOTE OF ABOUHAMMED'S INTEREST IN THIS MATTER, BUT STATED HE COULD NOT APPROPRIATELY GIVE ADVICE ON SUCH AN UNDERTAKING, ADDING THAT, MOREOVER, HE COULD NOT SPEAK FOR CDB. HE RECALLED FURTHER THAT, IN SUCH A MATTER AS THE PRESENT LITIGATION, THE EMBASSY'S ROLE, RATHER THAN BEING ONE OF AN "HONEST BROKER", WAS ONE OF LENDING SUPPORT TO THE LEGITIMATE RIGHTS OF THE US PARTY. IN THIS CONNECTION, HE RECALLED THAT JOSEPH SAAB, IN LEAVING THE AREA OF CIVIL DISPUTE AND PRESSING CRIMINAL CHARGES, HAD CALLED TO QUESTION THE ACTIVITIES NOT ONLY OF A LEADING AND HIGHLY REPUTABLE AMERICAN BANKING INSTITUTION, BUT ALSO OF SOME PROMINENT REPRESENTATIVES THEREOF. QUITE UNDERSTANDABLY THOSE CONCERNED CONSIDERED THIS A VERY SERIOUS MATTER.

3. ABOUHAMMED EXPRESSED HIS THANKS FOR THESE COMMENTS AND SUBSEQUENTLY APPROACHED EMBOFF A SECOND TIME (ON JAN 10) TO DECLARE THAT HE HAD DECIDED TO TAKE THE CASE, BUT ON THE FOLLOWING CONDITIONS, TO WHICH SAAB HAD AGREED:

A. REGARDING THE CRIMINAL CHARGES, AN APPROPRIATE PUBLIC APOLOGY WOULD BE PUBLISHED.

B. ALL CIVIL DISPUTES WOULD BE SETTLED OUT OF COURT AMIABLY AND WITHOUT RECOURSE TO ANY PUBLICITY WHATSOEVER (READ "INSPIRED PRESS ARTICLES").

C. THOSE CIVIL ISSUES THAT COULD NOT BE SO SETTLED WOULD BE SUBMITTED TO A FORM OF ARBITRATION SATISFACTORY TO BOTH PARTIES.

4. ABOUHAMMED ASKED EMBOFF TO BRING THIS TO THE ATTENTION OF CDB, WHICH HE AGREED TO DO AND INDEED HAS ALREADY LIMITED OFFICIAL USE

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DONE SO, NAMELY, TO THE ATTENTION OF THE LOCAL MANAGER (CAREY). HE SUGGESTED (AND WE HAVE PASSED THIS ON TO CAREY) THAT IF CDB IS INTERESTED IT SHOULD CONTACT HIM.

5. COMMENT: WHILE THE FINAL DECISION PERFORCE RESTS WITH CDB, WE SEE NO HARM AND PERHAPS SOME ADVANTAGE IN CDB'S CONTACTING ABOUHAMMED AT LEAST FOR THE PURPOSE OF EXPLORING THE MATTER FURTHER.

BUFFUM

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